

WEIL, GOTSHAL & MANGES LLP
700 Louisiana Street, Suite 1600
Houston, Texas 77002
Telephone: (713) 546-5000
Facsimile: (713) 224-9511
Alfredo R. Pérez

Attorneys for Debtors
and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----x
In re : Chapter 11 Case No.
: :
LEHMAN BROTHERS HOLDINGS INC., *et al.*, : 08-13555 (JMP)
: :
Debtors. : (Jointly Administered)
: :
: :
-----x

**NOTICE OF PRESENTMENT OF STIPULATION,
AGREEMENT AND ORDER BETWEEN LEHMAN COMMERCIAL
PAPER INC. AND CERTAIN SUNCAL VOLUNTARY DEBTOR
ENTITIES GRANTING LIMITED RELIEF FROM THE AUTOMATIC STAY**

PLEASE TAKE NOTICE that the undersigned will present the annexed Stipulation, Agreement and Order (the “Stipulation and Order”) between Lehman Commercial Paper Inc. and the Subject Voluntary Debtors¹ to the Honorable James M. Peck, United States Bankruptcy Judge, for signature on **December 23, 2011 at 10:00 a.m. (Prevailing Eastern Time)**.

PLEASE TAKE FURTHER NOTICE that unless a written objection to the proposed Stipulation and Order, with proof of service, is served and filed with the Clerk of the Court and a courtesy copy is delivered to (i) the Bankruptcy Judge’s chambers and (ii) the undersigned, so as to be received by **December 22, 2011 at 12:00 p.m. (Prevailing Eastern Time)**, there will not be a hearing and the Order may be signed.

PLEASE TAKE FURTHER NOTICE that if a written objection is timely served and filed, a hearing (the “Hearing”) will be held to consider the Stipulation and Order on **January 11, 2012 at 10:00 a.m. (Prevailing Eastern Time)** before the Honorable James M. Peck, United States

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Stipulation and Order.

Bankruptcy Judge, at the United States Bankruptcy Court, Alexander Hamilton Customs House, Courtroom 601, One Bowling Green, New York, New York 10004.

PLEASE TAKE FURTHER NOTICE that objecting parties are required to attend the Hearing, and failure to appear may result in relief being granted or denied upon default.

Dated: December 15, 2011
New York, New York

/s/ Alfredo R. Pérez
Alfredo R. Pérez

WEIL, GOTSHAL & MANGES LLP
700 Louisiana Street, Suite 1600
Houston, Texas 77002
Telephone: (713) 546-5000
Facsimile: (713) 224-9511

Attorneys for Debtors
and Debtors in Possession

WEIL, GOTSHAL & MANGES LLP
700 Louisiana Street, Suite 1600
Houston, Texas 77002
Telephone: (713) 546-5000
Facsimile: (713) 224-9511
Alfredo R. Pérez

Attorneys for Debtors
and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----x
In re :
LEHMAN BROTHERS HOLDINGS INC., *et al.* : Chapter 11 Case No.
Debtors. : 08-13555 (JMP)
: (Jointly Administered)
:
-----x

**STIPULATION, AGREEMENT AND ORDER
BETWEEN LEHMAN COMMERCIAL PAPER INC.
AND CERTAIN SUNCAL VOLUNTARY DEBTOR
ENTITIES GRANTING LIMITED RELIEF FROM THE AUTOMATIC STAY**

Lehman Commercial Paper Inc. (“LCPI”) and the Subject Voluntary Debtors (the “Subject Voluntary Debtors” together with LCPI, the “Parties”) as identified and defined on Exhibit 1 hereto, by and through their respective counsel, hereby enter into this Stipulation, Agreement and Order and represent and agree as follows:

RECITALS

A. On September 15, 2008 and periodically thereafter (the “Commencement Date”), Lehman Brothers Holdings Inc. and certain of its subsidiaries (collectively, the “Debtors”) commenced with this Court voluntary cases under chapter 11 of title 11 of the United States Code (“Bankruptcy Code”). The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of

the Bankruptcy Code.

B. The Subject Voluntary Debtors are currently debtors whose chapter 11 cases (the “California Bankruptcy Cases”) are pending in the United States Bankruptcy Court for the Central District of California (the “California Bankruptcy Court”).

C. The Parties have negotiated and filed a stipulation in the form reflected on Exhibit 1 annexed hereto, with the California Bankruptcy Court, (the “California Stipulation”). The Parties request the Court modify the automatic stay, to the extent it applies.

D. The Parties hereto have agreed to the terms set forth below.

**NOW, THEREFORE, UPON THE FOREGOING RECITALS, WHICH
ARE INCORPORATED AS THOUGH FULLY SET FORTH HEREIN, IT IS HEREBY
STIPULATED AND AGREED, BY AND BETWEEN THE PARTIES, THROUGH
THEIR UNDERSIGNED COUNSEL, AND UPON COURT APPROVAL HEREOF, IT
SHALL BE ORDERED THAT:**

1. This Stipulation, Agreement and Order is hereby approved without necessity or requirement of further proceedings or Court approval.

2. The automatic stay pursuant to section 362 of the Bankruptcy Code is hereby modified solely to permit LCPI to enter into the California Stipulation and undertake any actions contemplated to be taken by LCPI in connection therewith; *provided that*, nothing in this Stipulation, Agreement and Order shall require any party hereto to enter into the California Stipulation.

3. Except as provided in paragraph 2, and to the extent the automatic stay applies, the provisions of section 362(a) of the Bankruptcy Code, including, without limitation, those provisions prohibiting any act to collect, assess, or recover a claim that arose prior to the

Commencement Date from LCPI's estate and/or assets or property of LCPI (as defined in section 541 of the Bankruptcy Code) shall remain in full force and effect.

4. Notwithstanding anything to the contrary herein, this Stipulation, Agreement and Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, any rights, claims or privileges (whether legal, equitable or otherwise) of the Parties with respect to any issues that are not expressly addressed herein. Specifically, and for the avoidance of doubt, the Parties reserve all rights in connection with the Alleged Unencumbered Cash (as defined in the California Stipulation) and all aspects of any litigation among the Parties.

5. This Stipulation, Agreement and Order is solely for the benefit of the Parties and not for any other person or entity, and no such other person or entity shall be entitled to the benefit of (or be entitled to rely upon) this Stipulation, Agreement and Order.

6. Each person who executes this Stipulation, Agreement and Order on behalf of a Party represents that he or she is duly authorized to execute this Stipulation, Agreement and Order on behalf of such Party.

7. This Stipulation, Agreement and Order may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

8. This Stipulation, Agreement and Order can only be amended or otherwise modified by a signed writing executed by the parties hereto.

9. This Stipulation, Agreement and Order shall be effective immediately upon its entry and shall not be stayed pursuant to Federal Rule of Bankruptcy Procedure 4001(a)(3).

10. The Court shall retain jurisdiction to resolve any disputes or controversies arising from this Stipulation, Agreement and Order.

Dated: December 15, 2011

WEIL, GOTSHAL & MANGES LLP

/s/ Alfredo R. Pérez

Alfredo R. Pérez
700 Louisiana Street, Suite 1600
Houston, Texas 77002
Telephone: (713) 546-5000
Facsimile: (713) 224-9511

Attorneys for Debtors
and Debtors in Possession

**WINTHROP COUCHOT PROFESSIONAL
CORPORATION**

/s/ Peter W. Lianides

Paul J. Couchot
Peter W. Lianides
660 Newport Center Drive, Fourth Floor
Newport Beach, CA 92660
Telephone: (949) 720-4100
Facsimile: (949) 720-4111

Attorneys for the Subject Voluntary Debtors

SO ORDERED this ____ day of December, 2011

HONORABLE JAMES M. PECK
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT “1”

1 Richard M. Pachulski (CA Bar No. 90073)
2 Dean A. Ziehl (CA Bar No. 84529)
3 Robert B. Orgel (CA Bar No. 101875)
4 PACHULSKI STANG ZIEHL & JONES LLP
5 10100 Santa Monica Boulevard, 13th Floor
6 Los Angeles, California 90067
7 Telephone: (310) 277-6910
8 Facsimile: (310) 201-0760
9 Edward Soto (admitted *pro hac vice*)
10 WEIL, GOTSHAL & MANGES LLP
11 1395 Brickell Avenue, Suite 1200
12 Miami, Florida 33131
13 Telephone: (305) 577-3100
14 Facsimile: (305) 374-5179
15 Counsel for Lehman Commercial Paper Inc., Lehman ALI, Inc.,
16 Northlake Holdings LLC and OVC Holdings LLC

17 Paul J. Couchot
18 Peter W. Lianides
19 WINTHROP COUCHOT
20 PROFESSIONAL CORPORATION
21 660 Newport Center Drive, Suite 400
22 Newport Beach, CA 92660
23 Telephone: (949) 720-4100
24 Facsimile: (949) 720-41111

25 General Insolvency Counsel for Voluntary Debtors and
26 Debtors in Possession

27 **UNITED STATES BANKRUPTCY COURT**
28 **CENTRAL DISTRICT OF CALIFORNIA**
29 **SANTA ANA DIVISION**

30 In re:
31 Palmdale Hills Property, LLC, and Its Related Debtors,
32 Jointly Administered Debtors and
33 Debtors-In-Possession.

34 Affects:
35 All Debtors
36 Palmdale Hills Property, LLC
37 SunCal Beaumont Heights, LLC
38 SCC/Palmdale, LLC
39 SunCal Johannson Ranch, LLC
40 SunCal Summit Valley, LLC
41 SunCal Emerald Meadows, LLC
42 SunCal Bickford Ranch, LLC
43 Acton Estates, LLC
44 Seven Brothers, LLC
45 SJD Partners, Ltd.
46 SJD Development Corp.
47 Kirby Estates, LLC
48 SunCal Communities I, LLC
49 SunCal Communities III, LLC
50 Case No.: 8:08-bk-17206-ES
51 Jointly Administered With Case Nos.
52 8:08-bk-17209-ES; 8:08-bk-17240-ES;
53 8:08-bk-17224-ES; 8:08-bk-17242-ES;
54 8:08-bk-17225-ES; 8:08-bk-17245-ES;
55 8:08-bk-17227-ES; 8:08-bk-17246-ES;
56 8:08-bk-17230-ES; 8:08-bk-17231-ES;
57 8:08-bk-17236-ES; 8:08-bk-17248-ES;
58 8:08-bk-17249-ES; 8:08-bk-17573-ES;
59 8:08-bk-17574-ES; 8:08-bk-17575-ES;
60 8:08-bk-17404-ES; 8:08-bk-17407-ES;
61 8:08-bk-17408-ES; 8:08-bk-17409-ES;
62 8:08-bk-17458-ES; 8:08-bk-17465-ES;
63 8:08-bk-17470-ES; 8:08-bk-17472-ES;
64 and 8:08-bk-17588-ES

65 Chapter 11

66 **STIPULATION OF DECEMBER 2011**
67 **PURSUANT TO 11 U.S.C. §§ 362, 363,**
68 **364, AND 507: (1) AUTHORIZING THE**

- 1 SCC Communities, LLC
- 2 North Orange Del Rio Land, LLC
- 3 Tesoro SF, LLC
- 4 LB-L-SunCal Oak Valley, LLC
- 5 SunCal Heartland, LLC
- 6 LB-L-SunCal Northlake, LLC
- 7 SunCal Marblehead, LLC
- 8 SunCal Century City, LLC
- 9 SunCal PSV, LLC
- 10 Delta Coves Venture, LLC
- 11 SunCal Torrance, LLC
- 12 SunCal Oak Knoll, LLC

**USE OF CASH COLLATERAL AND
ALLEGED UNENCUMBERED CASH;
(2) GRANTING ADMINISTRATIVE
EXPENSE CLAIMS; AND
(3) MODIFYING AUTOMATIC STAY
TO THE EXTENT NECESSARY**

Hearing Date:

Date: TBD

Time: TBD

Place: Courtroom 5A

1 This stipulation (the “Stipulation”) is made by and between Lehman ALI, Inc. (“Lehman
2 ALI”), Lehman Commercial Paper Inc. (“LCPI”), Northlake Holdings LLC (“Northlake Holdings”),
3 OVC Holdings LLC (“OVC Holdings” and, collectively with Lehman ALI, LCPI and Northlake
4 Holdings, the “Lehman Entities”),¹ on the one hand, and certain of the above-captioned debtors and
5 debtors in possession affected by this Stipulation (the “Subject Voluntary Debtors”)² on the other
6 hand. The Lehman Entities and the Subject Voluntary Debtors (together, the “Parties”) hereby enter
7 into this Stipulation and agree as follows:

RECITALS

9 WHEREAS, on November 6, 7, and 19, 2008, the Voluntary Debtors³ filed their respective
10 voluntary petitions under Title 11 of the United States Code (the “Bankruptcy Code”) in the United
11 States Bankruptcy Court for the Central District of California (the “Court”). The Voluntary Debtors
12 continue to manage their affairs and property as debtors in possession pursuant to sections 1107 and
13 1108 of the Bankruptcy Code.

14 WHEREAS, on July 15, 2011, LCPI and Lehman ALI filed their *Third Amended Joint*
15 *Chapter 11 Plan for Eleven Voluntary Debtors Proposed by the Lehman VD Lenders* [Docket No.
16 2598] (as amended by the *Fifth Amended Joint Chapter 11 Plan for Eleven Voluntary Debtors*
17 *Proposed by the Lehman VD Lenders* [Docket No. 3337] filed on November 29, 2011, the “Lehman
18 VD Plan”).

19 WHEREAS, on October 25, 2011, at the confirmation hearing with respect to the Lehman

¹ The Lehman Entities shall refer to the Lehman Entities on behalf of themselves, both individually and collectively, as purported lenders, and as purported agents for all lenders under the applicable loan documents. Notwithstanding anything to the contrary contained herein, the Lehman Entities do not concede that they are "purported" lenders or agents as to the loan(s) or any particular loan, and reserve all of their rights in connection therewith.

²⁴ ² The Subject Voluntary Debtors are: Palmdale Hills Property, LLC; Acton Estates, LLC; SunCal Bickford Ranch LLC; and SunCal Emerald Meadows, LLC.

³ The Voluntary Debtors in these cases consist of: Palmdale Hills Property, LLC (Main Case) (Case No. 8:08-17206-ES); Acton Estates, LLC (Case No. 8:08-17236-ES); Kirby Estates, LLC (Case No. 8:08-17246-ES); North Orange Del Rio Land, LLC (Case No. 8:08-17574-ES); SCC Communities, LLC (Case No. 8:08-17573-ES); SCC/Palmdale, LLC (Case No. 8:08-17224-ES); Seven Brothers, LLC (Case No. 8:08-17240-ES); SJD Development Corp. (Case No. 8:08-17245-ES); SJD Partners, Ltd. (Case No. 8:08-17242-ES); SunCal Beaumont Heights, LLC (Case No. 8:08-17209-ES); SunCal Bickford Ranch, LLC (Case No. 8:08-17231-ES); SunCal Communities I, LLC (Case No. 8:08-17248-ES); SunCal Communities III, LLC (Case No. 8:08-17249-ES); SunCal Emerald Meadows, LLC (Case No. 8:08-17230-ES); SunCal Johannson Ranch, LLC (Case No. 8:08-17225-ES); SunCal Summit Valley, LLC (Case No. 8:08-17227-ES); and Tesoro SF, LLC (Case No. 8:08-17575-ES).

1 VD Plan, the Court confirmed the Lehman VD Plan with respect to certain Voluntary Debtors,⁴
2 provisionally approved the Lehman VD Plan with respect to Palmdale Hills Property, LLC
3 (“Palmdale Hills”) and Acton Estates, LLC (“Acton Estates”) pending the resolution of certain
4 contract-related matters, which have been continued for later hearing, and continued the hearing with
5 respect to confirmation of the Lehman VD Plan for SCC Communities, LLC (“SCC Communities”)
6 and Tesoro SF, LLC (“Tesoro”) for later hearing. Subsequently, pursuant to stipulations filed with
7 the Court, all objections to confirmation of the Lehman VD Plan with respect to Palmdale Hills and
8 Acton Estates have been resolved and withdrawn, and non-confirmation related contract matters
9 have been continued, thereby clearing the way for confirmation of the Lehman VD Plan with respect
10 to Palmdale Hills and Acton Estates.

11 WHEREAS, the Lehman Entities, on the one hand, and certain of the Voluntary Debtors, on
12 the other hand, also have entered into other Court-approved stipulations providing for consent to use
13 of cash collateral and alleged unencumbered cash during these cases.

14 WHEREAS, the Lehman Entities are authorized to enter into this Stipulation on behalf of
15 themselves, as lenders, and as agents for all lenders under the applicable loan documents.

16 WHEREAS, LCPI is a debtor and debtor in possession in the jointly administered cases
17 captioned *In re Lehman Brothers Holdings Inc.*, Case No. 08-13555 (JMP), pending in the United
18 States Bankruptcy Court for the Southern District of New York (the “New York Bankruptcy
19 Court”).

20 WHEREAS, the Lehman Entities assert secured claims against the Voluntary and Trustee
21 Debtors that approximate \$2.3 billion, and include within the scope of the pledged collateral certain
22 funds held by Fidelity National Title Insurance Company (“Fidelity”) in an escrow account (the
23 “ELR Escrow Account”) pursuant to that certain escrow agreement (as amended and/or
24 supplemented), dated June 25, 2008, by and among Palmdale Hills, LCPI and Fidelity (the “Escrow
25 Agreement”) and (ii) certain funds held by California Bank & Trust in account no. 3090340741 (the
26 “Ritter Pledged Account” and, collectively with the ELR Escrow Account, the “Ritter Accounts”)

27
28 ⁴ Those Voluntary Debtors are: SunCal Beaumont Heights, LLC; SunCal Johannson Ranch, LLC; SunCal Summit
Valley, LLC; SunCal Bickford Ranch, LLC; Seven Brothers, LLC; Kirby Estates, LLC; and SunCal Communities I,
LLC.

1 owned by Palmdale Hills and pledged to LCPI to secure that certain first mortgage loan made by
2 LCPI to or for the benefit of Palmdale Hills with respect to real property owned by Palmdale Hills
3 located in Palmdale, California that is commonly referred to as Ritter Ranch (the "Ritter Ranch
4 Project").

5 WHEREAS, LCPI asserts that such cash and cash equivalents held in the Ritter Accounts
6 constitute "cash collateral" under section 363 of the Bankruptcy Code (the "Cash Collateral").

7 WHEREAS, certain of the Voluntary Debtors maintain bank accounts containing cash or
8 cash equivalents, which the Lehman Entities assert are subject to perfected liens and therefore
9 constitute the Lehman Entities' "cash collateral" under section 363 of the Bankruptcy Code, with the
10 exception of cash and cash equivalents held by Acton Estates. The Subject Voluntary Debtors
11 dispute such contention, and assert that such cash and cash equivalents are not subject to perfected
12 liens of the Lehman Entities and therefore do not constitute "cash collateral" under section 363 of
13 the Bankruptcy Code. The cash and cash equivalents held by the Subject Voluntary Debtors,
14 excluding the cash and cash equivalents in the Ritter Accounts, shall be referred to herein as the
15 "Alleged Unencumbered Cash."

16 WHEREAS, the Subject Voluntary Debtors require the use of Alleged Unencumbered Cash
17 and Cash Collateral to fund costs and expenses associated with the real property owned by such
18 debtors' estates pending the effective date of the Lehman VD Plan;

19 WHEREAS, although the Court has approved the *Stipulation of November 2011 Pursuant To*
20 *11 U.S.C. §§ 362, 363, 364, AND 507: (1) Authorizing The Use Of Alleged Unencumbered Cash; (2)*
21 *Granting Administrative Expense Claims; And (3) Modifying Automatic Stay To The Extent*
22 *Necessary* [Docket No. 3328] and the budgets contained therein for the period from October 15,
23 2011 through December 15, 2011, the Subject Voluntary Debtors other than Palmdale Hills no
24 longer hold sufficient Alleged Unencumbered Cash to pay the items contained in such budgets and
25 accordingly require loans from Alleged Unencumbered Cash and Cash Collateral held by Palmdale
26 Hills to pay such items.

1 NOW THEREFORE, in consideration of the mutual covenants contained herein, and other
2 good and valuable consideration (the receipt and sufficiency of which are acknowledged), it is
3 hereby stipulated and agreed by and among the Parties as follows:

4 AGREEMENT

5 1. Court Approval. The Stipulation is subject to approval of the Court, and the
6 Stipulation is subject to approval by the New York Bankruptcy Court as to relief from the automatic
7 stay, and the Stipulation shall have no force and effect until the date that both such approvals have
8 been obtained (the “Approval Date”). Immediately upon the Approval Date (notwithstanding any
9 applicable law or rule to the contrary), the terms and provisions of this Stipulation shall become
10 valid and binding upon and inure to the benefit of the Lehman Entities, the Subject Voluntary
11 Debtors, all other creditors of the Subject Voluntary Debtors, any committees appointed in these
12 cases, and all other parties in interest and their respective successors and assigns, including any
13 trustee or other fiduciary hereafter appointed in any of the cases or upon dismissal of any of the
14 above-captioned cases (the “Cases”).

15 2. Use of Alleged Unencumbered Cash Held By Palmdale Hills. LCPI consents to the
16 use by Palmdale Hills of Alleged Unencumbered Cash held by Palmdale Hills solely for the purpose
17 of paying the costs and expenses attributable to Palmdale Hills as set forth in the budget for
18 Palmdale Hills for the period from October 15, 2011 through February 28, 2012 attached hereto as
19 **Exhibit A** (the “Palmdale Budget,” as such Palmdale Budget may be revised or amended with the
20 written consent of LCPI, which consent may be granted or withheld in LCPI’s sole and absolute
21 discretion). In addition, LCPI consents to and Palmdale Hills is authorized to make, from Alleged
22 Unencumbered Cash held by Palmdale Hills, individual loans to each of the other Subject Voluntary
23 Debtors solely for the purpose of paying the costs and expenses attributable to each such Subject
24 Voluntary Debtor as set forth in the budget for the period from October 15, 2011 through February
25 28, 2012 attached hereto as **Exhibit B** (the “Budget,” as such Budget may be revised or amended
26 with the written consent of LCPI, which consent may be granted or withheld in LCPI’s sole and
27 absolute discretion) in an aggregate amount not to exceed the total amount of the Budget as set forth
28 in **Exhibit B**; provided, however, that Palmdale Hills is authorized to make individual loans from

1 Alleged Unencumbered Cash held by Palmdale Hills only to Subject Voluntary Debtors that have
2 used, and accordingly no longer hold, any Alleged Unencumbered Cash. The aggregate amount of
3 any Alleged Unencumbered Cash used in accordance with this paragraph 2 herein shall be referred
4 to as the "Alleged Unencumbered Cash Funding Amount." The Subject Voluntary Debtors shall
5 provide to the Lehman Entities, upon their reasonable request, a breakdown of the Alleged
6 Unencumbered Cash Funding Amount spent as of the date of the request and provide all
7 documentation relating to such actual amounts spent.

8 3. Repayment of the Alleged Unencumbered Cash Funding Amount as an
9 Administrative Obligation Under Certain Circumstances. In the event the Parties agree or the Court
10 finds that all or portion(s) of the Alleged Unencumbered Cash are subject to perfected liens of the
11 Lehman Entities, then such portions of the Alleged Unencumbered Cash Funding Amount subject to
12 the perfected liens shall constitute an administrative expense obligation under the Bankruptcy Code
13 that shall be due and payable in full, in cash, without notice or demand, upon the effective date of
14 any confirmed plan of reorganization or liquidation in each such Subject Voluntary Debtor's Case,
15 or, in the event no plan is confirmed in such Subject Voluntary Debtor's Case, the earlier of
16 dismissal of such Case or conversion of such Case to chapter 7. In the event the Parties agree or the
17 Court finds that all or portion(s) of the Alleged Unencumbered Cash are not subject to perfected
18 liens held by the Lehman Entities, then such portions of the Alleged Unencumbered Cash Funding
19 Amount not subject to a perfected lien shall not be repayable in such circumstances wherein a
20 Subject Voluntary Debtor used its own Alleged Unencumbered Cash to pay the expenses of its own
21 estate or that such payments were authorized to be made pursuant to the entered orders of the Court
22 authorizing joint administration of the Debtors. In the event that the Parties agree or the Court finds
23 that all or portion(s) of the Alleged Unencumbered Cash are not encumbered by a perfected lien of
24 the Lehman Entities but such portions were used for the benefit of another Subject Voluntary
25 Debtor, then such portion(s) shall constitute an administrative expense obligation of the Subject
26 Voluntary Debtor for whose benefit such portion of the Alleged Unencumbered Cash was used, and
27 shall be repaid in accordance with section 1129(a)(9) of the Bankruptcy Code to the Subject
28 Voluntary Debtor that owned such portion of the Alleged Unencumbered Cash. The Parties reserve

1 all rights in connection with the Alleged Unencumbered Cash, including, without limitation, their
2 rights with respect to whether such cash is encumbered or unencumbered by perfected liens held by
3 the Lehman Entities. The administrative expense obligations provided for in this paragraph 3 shall
4 be referred to herein as the "Alleged Unencumbered Cash Administrative Obligations."

5 4. Use by Palmdale Hills of Ritter Pledged Account Cash Collateral. Except as
6 provided in paragraph 6 of this Stipulation, and solely to the extent that Palmdale Hills holds
7 insufficient Alleged Unencumbered Cash, LCPI consents to the use by Palmdale Hills of Cash
8 Collateral held in the Ritter Pledged Account solely for the purpose of paying the costs and expenses
9 attributable to Palmdale Hills as set forth in the Palmdale Budget (the "Ritter Pledged Account Cash
10 Collateral Amount"). Except as provided in paragraph 5 of this Stipulation, the Ritter Pledged
11 Account Cash Collateral Amount shall be used by Palmdale Hills solely for the purpose of paying
12 the costs and expenses set forth in the Palmdale Budget attributable to the Ritter Ranch Project.
13 Except as provided in paragraph 6 of this Stipulation, Palmdale Hills shall use the Ritter Pledged
14 Account Cash Collateral Amount solely as provided in the Palmdale Budget and shall maintain
15 appropriate documentation related to the expenditure of any and all of the Ritter Pledged Account
16 Cash Collateral Amount. Palmdale Hills' expenditures shall not exceed 5 % of any Palmdale Budget
17 Item (as defined below) or the aggregate amount of the expenditures set forth in the Palmdale
18 Budget. Palmdale Hills shall provide to LCPI, upon its reasonable request, a breakdown of all
19 amounts spent from the Ritter Pledged Account as of the date of the request and provide all
20 documentation relating to the monies spent from the Ritter Pledged Account as of the date of the
21 request. The Palmdale Budget shall not be modified without the prior written consent of LCPI. For
22 the avoidance of doubt, Palmdale Budget line items (the "Palmdale Budget Items") for the Ritter
23 Ranch Project shall not be modified, Palmdale Hills shall not expend any funds from the Ritter
24 Pledged Account for any particular Palmdale Budget Items in excess of the respective amounts
25 provided for such Palmdale Budget Items in the Palmdale Budget (plus 5%), and the Ritter Pledged
26 Account Cash Collateral Amount shall not be used for any other purpose, or by any Subject
27 Voluntary Debtor other than Palmdale Hills for costs and expenses allocable to such other Subject
28 Voluntary Debtors, without (i) the prior written consent of LCPI, which consent may be granted or

1 withheld in LCPI's sole and absolute discretion, or (ii) further order of the Court. Although certain
2 specified consents of the Lehman Entities to use of the Cash Collateral are set forth in this
3 paragraph, no particular uses of property of the Voluntary Debtors' estates are authorized under this
4 paragraph other than to the extent set forth herein above, some amounts of which, however, may be
5 so used by making individual loans, as described below. The authority under this Stipulation to use
6 the Ritter Pledged Account Cash Collateral Amount shall terminate on the Termination Date, and no
7 further disbursements of the Ritter Pledged Account Cash Collateral Amount shall be made after
8 thirty (30) days following the Termination Date without either the prior written consent of LCPI,
9 which consent may be granted or withheld in LCPI's sole and absolute discretion, or further order of
10 the Court.

11 5. Repayment to LCPI of Ritter Pledged Account Cash Collateral Amount as an
12 Administrative Obligation. Palmdale Hills expressly stipulates and acknowledges that monies used
13 by Palmdale Hills from the Ritter Pledged Account Cash Collateral Amount shall be treated as an
14 administrative expense obligation to LCPI under the Bankruptcy Code for the diminution in the
15 value of its collateral occasioned by the use of Cash Collateral and, as such, must be paid to LCPI in
16 full, in cash, on the effective date of any confirmed plan of reorganization or liquidation (the "Ritter
17 Pledged Account Administrative Obligation"), which obligation shall be limited to portions of the
18 Ritter Pledged Account Cash Collateral Amount actually expended by Palmdale Hills on its own
19 account as provided pursuant to this Stipulation and the amount collected by Palmdale Hills with
20 respect to the DIP Loans (as defined below) and not deposited into the Ritter Pledged Account. The
21 Ritter Pledged Account Administrative Obligation shall be due and payable in full, in cash, without
22 notice or demand, upon the effective date of any confirmed plan of reorganization or liquidation in
23 the Cases, or, in the event no plan is confirmed in the Cases, the earlier of dismissal of the Cases or
24 conversion of the Cases to chapter 7.

25 6. DIP Financing Provided By Palmdale Hills From Ritter Pledged Account to Subject
26 Voluntary Debtors. LCPI consents to and Palmdale Hills is authorized to make individual loans
27 (each, a "DIP Loan" and, collectively, the "DIP Loans") to the respective Subject Voluntary Debtors
28 (with the exception of Palmdale Hills) from the Ritter Pledged Account, the proceeds of which

1 ("DIP Loan Amounts") shall be used by the respective Subject Voluntary Debtors solely for the
2 purpose of paying the costs and expenses attributable to each such Subject Voluntary Debtor as set
3 forth in the budget for the period from December 15, 2012 through February 28, 2012 attached
4 hereto as **Exhibit B** (the "Budget," as such Budget may be revised or amended with the written
5 consent of LCPI, which consent may be granted or withheld in LCPI's sole and absolute discretion)
6 in an aggregate amount not to exceed the total amount of the Budget as set forth in **Exhibit B**;
7 provided, however, that (i) DIP Loans shall be made from the Ritter Pledged Account only (i) to the
8 extent Palmdale Hills no longer holds any Alleged Unencumbered Cash and (ii) to Subject
9 Voluntary Debtors that have used, and accordingly no longer hold, any Alleged Unencumbered
10 Cash. For the avoidance of doubt, no DIP Loan can or shall be made to Palmdale Hills. The
11 maximum amount of each DIP Loan to each Subject Voluntary Debtor shall be equal to the
12 applicable amount in the Budget for each Subject Voluntary Debtor's respective costs and expenses
13 as set forth in the Budget. The Subject Voluntary Debtors shall use the DIP Loan proceeds solely as
14 provided in the Budget and shall maintain appropriate documentation related to the expenditure of
15 any and all DIP Loan Amounts. The Subject Voluntary Debtors shall provide to LCPI, upon its
16 reasonable request, a breakdown of all amounts spent from DIP Loan proceeds as of the date of the
17 request and provide all documentation relating to the monies spent from DIP Loan proceeds as of the
18 date of the request. During the term of this Stipulation, the Budget shall not be modified and DIP
19 Loan funds shall not be reallocated from one Subject Voluntary Debtor to another Subject Voluntary
20 Debtor without the prior written consent of LCPI, which consent may be granted or withheld in
21 LCPI's sole and absolute discretion, except that each Subject Voluntary Debtor may expend funds
22 for any particular line items allocable to such Subject Voluntary Debtor as set forth in the Budget
23 (the "Budget Items") in excess of the respective amounts provided for such Budget Items for a
24 particular Subject Voluntary Debtor, so long as such excess amount is equal to or less than 5% of the
25 amount allocated to that particular Subject Voluntary Debtor for a particular Budget Item and
26 provided that the aggregate amount for all such Budget Items for a particular Subject Voluntary
27 Debtor is not increased.

28 7. Termination Date. LCPI's consent to the use of Alleged Unencumbered Cash held by

1 Palmdale Hills and funding under the DIP Loans shall terminate on the earlier of the effective date
2 of the Lehman VD Plan and March 15, 2012 (the “Termination Date”), and no further disbursements
3 of DIP Loan proceeds shall be made after such date without either the prior written consent of LCPI,
4 which consent may be granted or withheld in LCPI’s sole and absolute discretion, or further order of
5 the Court. Any amounts borrowed under the DIP Loans pursuant to this Stipulation that are not
6 expended by, and remain in the possession of, any of the Subject Voluntary Debtor as of the thirtieth
7 (30th) day following the Termination Date, shall be immediately refunded by each such Subject
8 Voluntary Debtor to Palmdale Hills for deposit in the Ritter Pledged Account.

9 8. DIP Loan Maturity Date. The Subject Voluntary Debtors expressly stipulate and
10 acknowledge that the DIP Loans shall be treated as administrative expense obligations owed to
11 Palmdale Hills under the Bankruptcy Code (the “DIP Loan Administrative Obligations” and,
12 collectively with the Alleged Unencumbered Cash Administrative Obligations and Ritter Pledged
13 Account Administrative Obligations, the “Administrative Obligations”). The DIP Loan
14 Administrative Obligations of the Subject Voluntary Debtor(s) shall be due and payable in full, in
15 cash, without notice or demand, upon the effective date of any confirmed plan of reorganization or
16 liquidation in each such Subject Voluntary Debtor’s Case, or, in the event no plan is confirmed in
17 such Subject Voluntary Debtor’s Case, the earlier of dismissal of such Case or conversion of such
18 Case to chapter 7 (the “DIP Loan Maturity Date”). Each Subject Voluntary Debtor shall repay to
19 Palmdale Hills the amount of the DIP Loan Administrative Obligation attributable to the DIP Loan
20 that was made to such Subject Voluntary Debtor.

21 9. Interest. The DIP Loans shall accrue interest at the rate of ten percent (10%) per
22 annum, which interest shall accrue and shall be payable in full on the DIP Loan Maturity Date.
23 There are no other fees associated with the DIP Loans. All accrued interest on the DIP Loans shall
24 be added to the outstanding principal amount of the DIP Loans and shall be allocated in the same
25 proportion as principal to the applicable Subject Voluntary Debtor and paid to Palmdale Hills by the
26 Subject Voluntary Debtor, to the extent applicable to each Subject Voluntary Debtor, on the DIP
27 Loan Maturity Date.

28 10. DIP Obligations. This Stipulation constitutes and evidences the validity and binding

1 effect of the DIP Loans and DIP Loan Administrative Obligations, which obligations shall be
2 enforceable against the Subject Voluntary Debtors, their estates and any successors thereto,
3 including without limitation, any trustee or other estate representative appointed in the Cases, or any
4 case under chapter 7 of the Bankruptcy Code upon the conversion of any of the Cases, or in any
5 other proceedings superseding or related to any of the foregoing. The DIP Loans include all loans,
6 reimbursement obligations, and any other indebtedness or obligations, contingent or absolute, which
7 may now or from time to time be owing by the Subject Voluntary Debtors under this Stipulation,
8 including, without limitation, all principal, accrued interest, and other amounts owed pursuant to or
9 in respect of the DIP Loans.

10 11. Modification of Automatic Stay. The automatic stay imposed under section 362(a) of
12 the Bankruptcy Code is modified as necessary to effectuate all of the terms and provisions of this
13 Stipulation, including, without limitation, to: (a) permit Subject Voluntary Debtors to incur all
14 liabilities and obligations in connection with the DIP Loans; (b) authorize the repayment of the
15 Administrative Obligations in accordance with the terms of this Stipulation; and (c) enable the
16 enforcement, protection and preservation of the Administrative Obligations, and all of the rights and
remedies with respect thereto or otherwise under this Stipulation.

17 18. Events of Default. The following occurrences shall constitute an "Event of Default"
19 under this Stipulation as to the particular defaulting Subject Voluntary Debtor: (a) failure of the
20 Subject Voluntary Debtor(s) to comply with any term of this Stipulation; or (b) the use of Alleged
21 Unencumbered Cash or Cash Collateral or the proceeds of DIP Loans other than in strict compliance
22 with the terms of this Stipulation; or (c) the failure to repay the Administrative Obligations pursuant
to and in accordance with the terms of this Stipulation.

23 24. Remedies. Immediately upon the occurrence and during the continuation of an Event
of Default set forth in paragraph 9 by a particular Subject Voluntary Debtor, and without further
order of the Court: (a) Palmdale Hills shall, at the direction of LCPI, (i) declare all DIP Loan
Administrative Obligation(s) to be immediately due and payable by the defaulting Subject Voluntary
Debtor (s), (ii) terminate, reduce or restrict the use of any Alleged Unencumbered Cash of the
proceeds of the DIP Loans or any further commitment to extend credit to the defaulting Subject

1 Voluntary Debtor (s) to the extent any such commitment remains, and/or (iii) seek relief from the
2 automatic stay under section 362 of the Bankruptcy Code; and (b) if Palmdale Hills is the defaulting
3 Subject Voluntary Debtor, Palmdale Hills shall, at the direction of LCPI, cease using any of its
4 Alleged Unencumbered Cash and the Ritter Pledged Account Cash Collateral Amount.

5 **14. Good Faith.** The DIP Loans have been extended in good faith. In accordance with
6 section 364(e) of the Bankruptcy Code, in the event any or all of the provisions of this Stipulation
7 are hereafter modified, amended or vacated by a subsequent order of this Court or any other court,
8 the Subject Voluntary Debtors are entitled to the protections provided in section 364(e) of the
9 Bankruptcy Code. Any such modification, amendment or vacatur shall not affect the extent,
10 validity, priority, allowability, enforceability or non-avoidability of any advances previously made or
11 made hereunder, or claim or priority granted, authorized or created hereby. Any claims granted to
12 LCPI or Palmdale Hills hereunder arising prior to the effective date of any such modification,
13 amendment or vacatur of this Stipulation shall be governed in all respects by the original provisions
14 of this Stipulation, including entitlement to all rights, remedies, privileges and benefits granted
15 herein.

16 **15. Reservation of Rights.** Notwithstanding anything to the contrary herein, this
17 Stipulation is without prejudice to, and does not constitute a waiver of, expressly or implicitly, any
18 rights, claims or privileges (whether legal, equitable or otherwise) of the Parties with respect to any
19 issues that are not expressly addressed herein. Specifically, and for the avoidance of doubt, the
20 Parties reserve all rights in connection with all aspects of pending litigation among the Parties,
21 including, without limitation, any matters involving equitable subordination or substantive
22 consolidation. The Parties further agree that entry into this Stipulation, and the use of Cash
23 Collateral, the extension of the DIP Loans, or the consent to the Administrative Obligations
24 contemplated hereunder, shall not be used in any manner in litigation amongst the Parties, whether
25 as, for instance, a basis for or against substantive consolidation or otherwise, and in no way shall
26 have any effect on the adversary proceeding captioned *Palmdale Hills Property, LLC, et al., v.*
27 *Lehman ALI, Inc., et al.*, Adv. Pro. No. 09-1005-ES, pending in the Court.

28 **16. No Modification.** Absent the written consent of the Lehman Entities and the Subject

1 Voluntary Debtors or further order of the Court, the Lehman Entities and the Subject Voluntary
2 Debtors agree that this Stipulation shall not be modified.

3 17. Jurisdiction. The Court shall retain jurisdiction to resolve any disputes or
4 controversies arising from or related to this Stipulation.

5 18. Further Cooperation. The Parties agree to and will cooperate fully with each other in
6 the performance of this Stipulation, and will execute such additional agreements, documents or other
7 instruments as may reasonably be required to carry out the intent of this Stipulation.

8 19. Signatures. This Stipulation may be signed in any number of counterparts (and by
9 each Party hereto on different counterparts), each of which constitutes an original, but all such
10 counterparts when taken together shall constitute one and the same agreement. This Stipulation may
11 be executed by facsimile signature and delivered by facsimile transmission with the same effect as
12 delivery of a manually executed counterpart of this Stipulation.

13 20. Compromise. The Parties agree that this Stipulation is a compromise of certain
14 financing and use of cash collateral issues. Neither this Stipulation nor anything contained in this
15 Stipulation shall be construed as, treated as or characterized as an admission by any Party of any fact
16 or liability or as evidence of any allegation of any Party. Neither this Stipulation nor anything in this
17 Stipulation shall be admissible in any proceeding as evidence of liability or wrongdoing by any of
18 the Parties. This Stipulation may be introduced, however, in any proceeding to enforce the terms of
19 this Stipulation.

20 21. Authority. Each person who signs this Stipulation represents and warrants that he or
21 she has the authority and capacity to act on behalf of the Party for whom he or she is signing and to
22 bind that Party to the terms of this Stipulation.

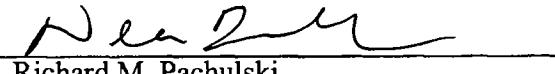
23 22. Entire Agreement. This Stipulation contains the entire agreement between the Parties
24 and may not be amended or modified except by a writing executed by the Parties or further order of
25 the Court. All prior oral and written agreements, if any, are expressly superseded hereby and are of
26 no further force and effect.

1
2 WEIL, GOTSHAL & MANGES LLP
3
4

5 - and -
6

7 Dated: December 15, 2011
8

9 PACHULSKI STANG ZIEHL & JONES LLP
10

11 By 
12 Richard M. Pachulski
13 Dean A. Ziehl
14

15 Attorneys for Lehman ALI, Inc., Lehman
16 Commercial Paper Inc., Northlake
17 Holdings LLC and OVC Holdings LLC.
18

19 Dated: December 15, 2011
20

21 WINTHROP COUCHOT
22 PROFESSIONAL CORPORATION
23

24 By 
25 Paul J. Couchot
26 Peter W. Lianides
27 General Insolvency Counsel for Debtors
28 and Debtors-in Possession
29

EXHIBIT A

(Palmdale Budget)

Asset Name	Life Safety/Security	Erosion Control & Maint.	Entitlements	Utilities	G&A	Total
Palmdale/Ritter Ranch	\$8,000	\$40,000	\$0.00	\$4,000	\$49,091	\$101,091

EXHIBIT B

(Budget for Subject Voluntary Debtors Other Than Palmdale Hills)

Asset Name	Life Safety/Security	Erosion Control & Maint.	Entitlements	Utilities	G&A	Total
Acton	\$0.00	\$2,000	\$0.00	\$0.00	\$0.00	\$2,000
Bickford Ranch	\$0.00	\$40,000	\$190,400	\$0.00	\$49,091	\$279,491
Emerald Meadows	\$2,400	\$28,000	\$0.00	\$0.00	\$22,500	\$52,900
						\$334,391